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## Exploration of non-public economic organizations promoting the social management innovation

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### ABSTRACT

During the economic society transition, non-public economic organizations can promote the innovation of social management. The article explains the non-public economic organizations and social management innovation present situation, analyses relationship between the non-public economic organizations and social management and finds the problems of ignoring non-public economic organizations in social management, lacking harmony and stability, nonstandard problems in network virtual social management and other problems. The government needs to pay attention to the function of non-public economic organizations promoting the innovation of social management, non-public economic organizations should improve the internal system, absorb the floating population, improve the virtual social management, undertake social responsibility and other measures to further promote the innovation of social management and transformation of our society.

### KEYWORDS

Non-public economic organizations; Social management innovation; Relationship; Problems; Countermeasures;



## INTRODUCTION

With the development of economy and increasing economic globalization, China's economy and society has entered the transition period, economic issue is severe, as well as the social management problem, society is the supporting environment of economic development, the Central Committee and all levels of government attach great importance to it, in the "Twelfth Five Year Plan", strengthening and innovating social management is proposed. The non-public economy develops after Chinese economic reform, after 30 years, it has played a significant role in the economic development of our country and has prominent contribution to the social and economic development. The current research of the social management innovation includes connotation and the content<sup>[1-2]</sup>, measures of strengthening social management innovation<sup>[3-4]</sup>, legal system<sup>[5-7]</sup>, various organizations or groups' functions<sup>[8-9]</sup>, social management innovation in new situation and problems<sup>[10-12]</sup> and so on. The non-public economic organizations research mainly focuses on Party building in the non-public economic organizations<sup>[13-16]</sup>, spiritual civilization construction<sup>[17]</sup>, fulfilling social responsibility<sup>[18]</sup> and so on, after the "Twelfth Five Year Plan", various provinces and cities began to attach importance to the specific functions of non-public economic organizations to social management innovation and carry out various activities to promote the social management innovation of the non-public economic organization, literature in this area are less, it is worth discussing.

This article will analyze relationship between the non-public economic organizations and social management by introducing the development status of social management innovation and non-public economic organizations and find out the main problems and countermeasures existing in the promoting social management of non-public economic organizations to play the special function of the non-public economic organizations serving social management innovation and boost social management to present a new situation in our country.

### STATUS OF NON-PUBLIC ECONOMIC ORGANIZATIONS AND SOCIAL MANAGEMENT INNOVATION

#### Development status of non-public economic organizations

The non-public ownership structure besides public ownership at the present stage in our country, it's an important component part of the socialist market economy, it includes individual economy, private economy, foreign capital economy and others. The non-public economic organizations mainly include private enterprises, individually-owned business and foreign-funded enterprise. The non-public economy quickly rises from small to large and has become an important part of our economy now, it has become an important driving force for China's economic and social development. First of all, the number of China's non-public economic organizations increases dramatically and scale is continually expanding (TABLE 1). At the end of first half of 2011, there are 9034900 private enterprises, an increase of 579800 and 6.86%, registered capital was 22.85 trillion, an increase of 3.64 trillion and 18.98%; there are 36011300 individually-owned businesses, an increase of 4.29%, amount of funds was 1.5 trillion, an increase of 11.98%; there are 445900 foreign-invested enterprises, an increase of 0.15%, registered capital was 10.7 trillion, an increase of 2.52%<sup>[19]</sup>. Secondly, China's non-public economic organizations are more reasonable in the layout. At the end of first half year of 2011, there are 574800 individually owned businesses in primary industry, it accounted for 1.6% of the whole, an increase of 0.08% over the previous year; there are 3009300 in secondary industry, it accounted for 8.35% of the whole, a decrease of 0.15% over the previous year; there are 32427200 in tertiary industry, it accounted for 90.05% of the whole, an increase of 0.07% over the previous year<sup>[19]</sup>; at the end of 2009, private enterprises accounted for 2.2%, 24.9% and 72.9% of primary, secondary and tertiary industries, from the industry, it mainly distributes in engineering, construction and majority of industry in tertiary industries, from the type, labor-intensive, capital-intensive and technology intensive enterprises are multitudinous<sup>[20]</sup>. Thirdly, the non-public economy made a tremendous contribution in absorbing employment, tax revenue, import and export (Figure 1) and others. Import and export volume of private enterprises accounted for 19.8%<sup>[21]</sup>.

TABLE 1 : Individual, private enterprises, registered capital and growth rate at first half 2002-2010

Year	Private enterprises (Ten thousand)	Growth Rate (%)	Registered capital (Trillion)	Growth Rate (%)	individually-owned business (Ten thousand)	Growth Rate (%)	Registered capital (Billion)	Growth Rate (%)
2002	263.83	20.0	2.48	35.9	2377.5	-2.3	3782.4	1.6
2003	328.72	24.6	3.53	42.3	2353.2	-1	4187.0	1.8
2004	402.41	22.4	4.79	35.7	2350.5	-0.1	5057.9	2.2
2005	471.95	17.3	6.13	28.0	2463.9	4.8	5809.5	2.4
2006	544.14	15.3	7.60	24.0	2595.6	5.3	6468.8	2.5
2007	603.05	10.8	9.39	23.6	2741.5	5.6	7350.8	2.7
2008	657.42	9.0	11.74	25.0	2917.3	6.4	9006.0	3.1
2009	740.15	12.6	14.64	24.7	3197.37	9.6	10856.6	3.4
2010.6	789.41	6.7	16.52	12.8	3328.40	4.1	12012.1	3.6

### Development status of social management innovation

Social management innovation (Or Innovation social management) means that the activities or the process of these activities which achieving and reforming traditional social management mode by using new ideas, new knowledge, new technology, new method, new mechanism and others according to social politics, economy and related concepts and norms of social operation under the conditions of existing resources, experience and social management to construct new social management mechanism and system and achieve new goals of social management<sup>[1]</sup>.

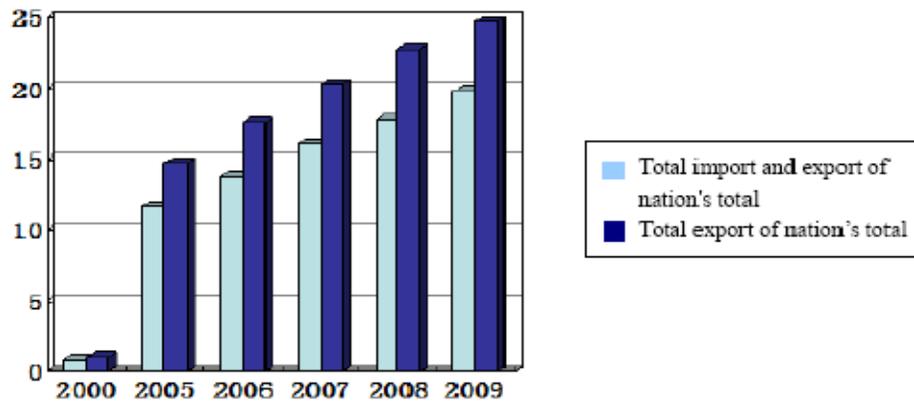


Figure 1 : Private enterprises import and export volume proportion chart from 2000 to 2009

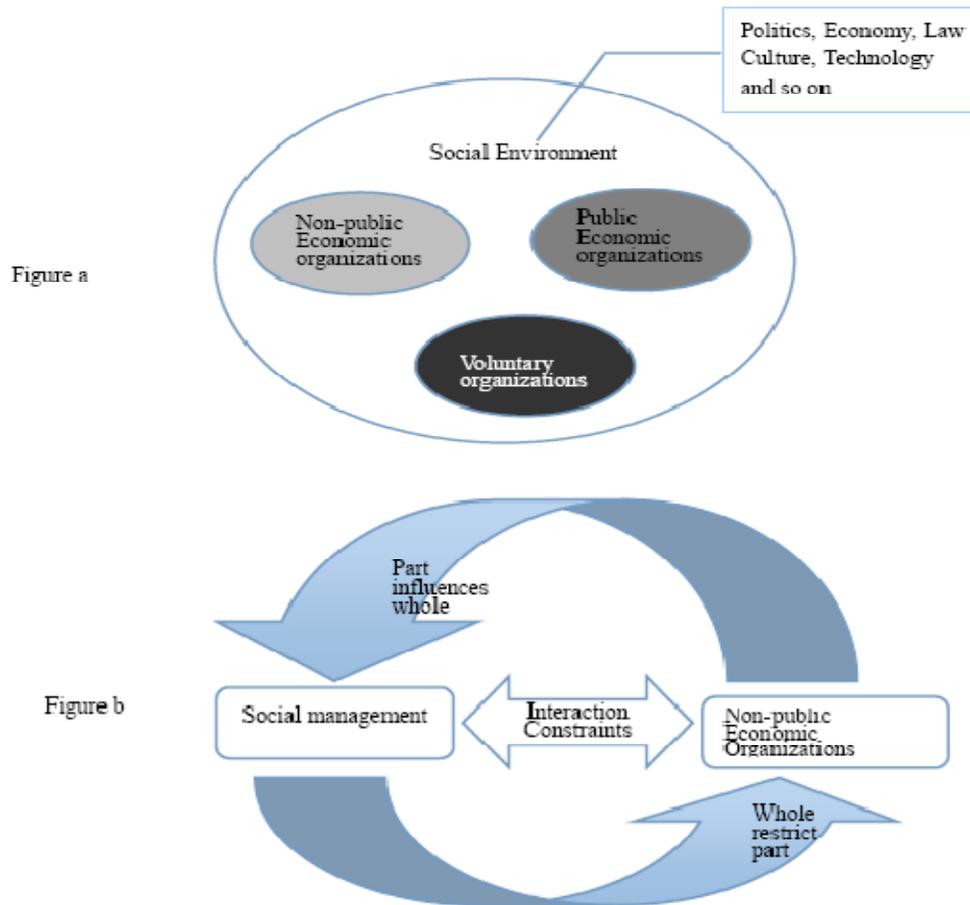
Data source: MengFu Huang. *Economic Blue Book: report of the Chinese private economy in 2010 NO.7 (2009-2010)*[M]. Social Science Document Publishing, 2011

Strengthening and innovating social management is related to social and economic stability and ruling foundation of Party, it has been concerned by Central Committee and all levels of government, in 2004, the fourth Plenary Session of the Sixteenth Central Committee put forward “strengthening social construction and management, advancing the innovation of social management system”, in 2007, 17th CPC National Congress proposed that “ Building and perfecting social management pattern of Party committee leadership, government responsibility, social coordination and public participation ”, at the end of 2009, social management innovation became a part of “Resolving social conflicts, social management innovation, impartial and honest law enforcement” in national political and legal work picturephone meeting, in 2010, strengthening and innovating social management was listed in “Twelfth Five Year” planning outline, yielding to various seminars, local governments and organizations actively implemented the central file and carried out all kinds of benefaction to people according to the documentation requirements and the actual situation of local policy. According to *Economic Daily* report, local innovation of social management mainly reflected in three aspects, first, focusing on innovation of social management mechanism and system, second, paying attention to the role of social organizations, at present, villages and towns (street) generally established committee for comprehensive management, perfected township (street) comprehensive management work center, effectively integrated politics and law, management, inquiry, land, industry and trade unions, the Communist Youth League, women federations and other forces, improved the operation mechanism and realized joint defense for public security, contradictions joint mediation, problems joint administration, work linkage and safe joint venture. Third, introducing social management performance evaluation. For example, *social service management innovation action plan* was developed by Beijing<sup>[22]</sup>. In summary, social management innovation is embodied in the innovation of management concept, management system, management main part and management method, for example, scholars points out that grassroots organizations and social organizations should be heeded in the process of social construction, but micro environment-- family should not be forgotten<sup>[23]</sup>.

### RELATIONS BETWEEN THE NON-PUBLIC ECONOMIC ORGANIZATIONS AND SOCIAL MANAGEMENT

Non-public economic organization is one of the main body of the market economy in China, contributions are extremely abundant in economic development, the function is not only limited in the economic aspect, but also in social management (such as carrying out social responsibility and absorbing employment), besides government and the market, China should rely on social and economic organization when doing social management innovation, especially the non-public economic organizations. Social management and non-public economic organizations have the relationship of interaction and constraints, if they reciprocally squeeze out, “zero-sum game” will form, if they have mutual cooperation, they can achieve win-win. On the one hand, the non-public economic organizations are in the social environment, it can be influenced by the social environment (Figure 2a). Non-public economic organizations like public economic organizations and voluntary organization, management mode, organization structure, strategic decisions and management policy will be affected by the policy, legal, cultural and other environmental factors if they survive and develop in social environment, they should adjust according to the change of social environment, the social environment is a bundle of contradictions, it changes all the time

and also involves complex people and organizations, if management is not appropriate, people and organizations are influences fatally, in order to better solve the new contradictions and problems in social management and create a good environment for economic development, social management need to absorb more attention and constant innovation, the non-public economic organizations must undertake the key part of management innovation. On the other hand, the non-public economy organization management is a part of social management, both of them restrict reciprocally (Figure. 2b). The non-public economic organizations is one of the main body of the market economy, and the society is the relationship of part and whole, whole is formations of the part and restricted by the part, only with good non-public economic organization management will promote the overall level of social management; At the same time, the overall strength is greater than the sum of their parts, whole strength can provide direction for the part, if the overall level of social management do not improve, non-public economic organizations' growth will be restricted, only with win-win will play a bigger effect.



**Figure 2 : Relation between non-public economic organizations and social management**

### MAIN PROBLEMS OF NON-PUBLIC ECONOMIC ORGANIZATIONS PROMOTING THE SOCIAL MANAGEMENT INNOVATION

#### **Ignoring the the functions of non-public economic organizations in the social management**

Usually, social management is always considered the Party and the government things and do not belong to general public, social organizations, economic organizations' responsibilities, at the same time, Party and the government have no such awareness that letting grass-roots, organizations and economic organizations undertake the task, government's management to non-public economic organizations are rare, they ignore the special role of non-public economic organizations in the social development and economic development and political demand of the non-public person, that lead to lack of enthusiasm of non-public person in social management innovation and unwilling to do, it also goes against to the non-public economic organizations serving social management innovation.

#### **Non-public economic organizations lacks the global view of stability and harmony**

The non-public economic organizations lacks the global view of harmonious and stability, it will seriously exacerbate social management problems. The majority of private organizations are small, weak and only paying attention to their own development, they usually obtain profit based on damaging the interests of the people,

They lack global view of harmony and stability and bargain away the interests of people and natural environment to get profits. In the market competition, they often do not consider the occupation morals and the principle of fair competition, destroy the market economy order and exacerbate the problems of social management.

#### **The non-public economic organizations is still not standardized in a virtual social management**

With the development of Internet and electronic commerce, network has become trading platform and the public platform for a lot of organizations, enterprises and individual, network marketing has become an important way of marketing business, network consensus has become an important form of the public voice, dissemination is fast and influence is far-reaching. The non-public economic organizations are mainly for profits, network transactions and online marketing is the inevitable choice, due to the lack of laws and regulations, network transactions and the order exist security risks, some enterprises may use network defraud or bribe moderator to release and prevent network public opinion which is not good for them and some objective disclosure, that will lead to many problems in virtual society management, strengthening and innovating virtual social management is necessitous.

#### **The non-public economic organizations do not realize the function of fulfilling the social responsibility for social management**

If task organization consciously fulfill their social responsibilities, it not only can establish a good image for the organization, but also help them solve the social management problems. Now, a lot of non-public economic organizations are still not aware of their obligations to fulfill their social responsibilities and do not know fulfilling their social responsibilities can promote social management innovation. If they can do more public welfare undertakings, subsidize depressed area to develop education, help government improve infrastructure and improve the living environment, they can set up the good enterprise image and bring competitiveness to enterprise, meanwhile, it contributes to solving livelihood issues and improving the social management status.

### **COUNTERMEASURES OF NON-PUBLIC ECONOMIC ORGANIZATIONS PROMOTING THE SOCIAL MANAGEMENT INNOVATION**

#### **Government should attaches importance to the promoting function of non-public economic organizations to social management innovation**

Although the Party Central Committee is very concerned about the Party construction work of non-public economic organization, many non-public economic organizations lack Party system, the Party and the government policies are not implemented well, Consequently, the local branch of the Communist Party should give guidance and help to non-public economic organizations, guide them promote Party construction work and perfect the Party system of non-public organization to exert promoting function of non-public economic organizations to social management innovation.

#### **Non-public economic organizations should improve the internal system and absorb the floating population**

First, non-public economic organizations should improve the staff's medical security system, retirement system and salary incentive mechanism to avoid damaging the interests of the employees; Secondly, the non-public economic organizations should help employees solve registration problem and accommodation through organization and their children education problem to reduce staff turnover rate and attract them working in non-public economic organizations; Finally, for the talented person who served a sentence or social idle youth, non-public economic organizations should provide jobs, education and training for them, so that they can become a useful person to the society.

#### **Non-public economic organizations can promote social management innovation by taking social responsibility**

First, non-public economic organizations should propagate the importance and significance of social responsibilities, make it become one of the corporate culture, encourage employees do good deeds, carry out business activities in accordance with the requirements of laws and regulations and support the innovation of social management, secondly, they should help government improve community infrastructure construction and the living environment.

#### **Non-public economic organizations should improve the management of virtual society**

First, non-public economic organizations must do online activities according to the normal laws and regulations to reduce the opportunity of network public opinion; Secondly, online transactions should safeguard the interests of consumers and reduce deceiving consumers; Thirdly, establishing a network crisis early warning system, when meeting the network crisis, it can actively reply timely, do not resolve the crisis through the shortcut or illegal means.

### **CONCLUSION**

In China, non-public economy has become an important pillar of China's economic development, it should serve social management innovation. There are many problems of non-public economic organizations promoting social management innovation, our country should take positive steps to strengthen social management innovation and promote the transformation of our society.

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